

**The National Collegiate Athletic Association**  
**Football Study Oversight Committee**



February 11-12, 2001

Indianapolis, Indiana

CONFIDENTIAL

EXHIBIT "17"

NCAA 029159



MEMORANDUM

February 7, 2001

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Indianapolis, Indiana

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TO: NCAA Football Study Oversight Committee.

FROM: Charles T. Wethington, chair  
NCAA Football Study Oversight Committee.

SUBJECT: Agenda for February 12 Meeting.

Enclosed please find the agenda and supplements for the committee's February 12 meeting in Indianapolis, Indiana. As indicated in my earlier mailing, the following itinerary will be followed:

**Sunday, February 11**

7 p.m. — Committee dinner at the Westin Hotel — The House Room.

**Monday, February 12**

7:20 a.m.-- Shuttle bus departs from Westin Hotel to NCAA national office.

7:30 a.m. — Continental breakfast at NCAA national office — Palmer Pierce Room.

8 a.m. — Meeting convenes at NCAA national office — Palmer Pierce Room.

Noon — Working lunch.

2 p.m. — Adjournment.

As you will note, Agenda item No. 2 will provide each of the committee members the opportunity to identify what he or she believes are fundamental issues to be addressed during the study. Please be prepared to provide a short (5 minute) commentary regarding what you believe to be the fundamental issues for the study.

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I would like to thank each of you for volunteering to participate in this important study, and I look forward to meeting with you February 11-12. If you have questions regarding the agenda or the meeting arrangements, please contact Dennis Poppe, NCAA senior director of baseball and football in the national office.

CTW:eed

Enclosures

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A G E N D A

National Collegiate Athletic Association

Football Study Oversight Committee

NCAA National Office  
Indianapolis, Indiana

February 12, 2001

1. Review Protocol Document and Committee's Mission. [Supplement No. 1] (Ced Dempsey)
2. Identification of Fundamental Issues.
  - a. Chief Executive Officers.
    - (1) LeRoy Davis, South Carolina State University
    - (2) Carol Harter, University of Nevada, Las Vegas
    - (3) Robert E. Hemenway, University of Kansas
    - (4) William E. Kirwan, Ohio State University
    - (5) Reverend Edward Malloy, University of Notre Dame
    - (6) Lane Rawlins, Washington State University
    - (7) Joseph A. Steger, University of Cincinnati
    - (8) Charles T. Wethington, University of Kentucky
  - b. Ex-Officio Committee Members.
    - (1) DeLoss Dodds, Division I-A Athletics Directors representative; Football Issues Committee; University of Texas, Austin.
    - (2) Charles Harris, Division I Management Council, chair; MEAC Commissioner.
    - (3) Jerry E. McGee, Division II President, Wingate University.
    - (4) Gregory Sankey, Division I-AA representative; Membership Subcommittee of the Management Council; Southland Conference Commissioner.

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- (5) John Swofford, Bowl Championship Series (BCS); Atlantic Coast Conference Commissioner.
  - (6) Grant Teaff, American Football Coaches Association Executive Director.
- 3. Review Proposed Issues to be Studied.
  - a. Division I Classification Issues.
    - (1) Membership Requirements and Governance Structure. [Supplement No. 2] (DeLoss Dodds/Greg Sankey)
    - (2) Football Alliance Concept. [Supplement No. 3] (Jerry McGee)
  - b. Football Bowl Certification and Postseason Football in Division I-AA. [Supplement No. 4] (Dodds/John Swofford)
  - c. Financial Pressures. [Supplement No. 5] (Dan Fulks)
  - d. Research. [Supplement No. 6] (Todd Petr)
  - e. Student-Athlete Welfare. [Supplement No. 7] (Ron Stratten)
  - f. Marketing/Promotion. [Supplement No. 8] (Dennis Cryder)
  - g. Diversity. [Supplement No. 9] (Charles Harris)
  - h. Long-Term Viability of College Football. [Supplement No. 10] (Grant Teaff)
- 4. Review of Issues and Future Committee Meeting Dates.
  - a. Review timeline and committee meeting schedules. [Supplement No. 11]
  - b. Establish timetable to receive status reports.
- 5. Other Business.

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February 5, 2001 DLP:eed

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**SUPPLEMENT NO. 1**  
**FB Study 2/01**

**NCAA FOOTBALL STUDY**

**Background**

During its November 2000 meeting, the Division I Board of Directors discussed with the NCAA President his views regarding a committee of presidents to provide oversight and coordination for a study of various football issues. Subsequently, the Board voted that there would be a study of football issues; that presidents would be significantly involved in the study; and that there was time, as some had wished, to review what will be studied and how the study will be conducted. In this regard, the Board emphasized that:

- There would be a study of football issues.
- The protocol would be developed between November and the Board's January 2001 meeting.
- A small working committee would establish the protocol (chairs of the Board, Executive Committee and Management Council and the NCAA President).
- The committee to oversee the study, when appointed, would be determined by the chair of the Board and would be composed principally of presidents. Conferences, Board members, the Management Council and others would be consulted on the protocol.
- In January, the protocol would be approved and the committee appointed.

In November, Board members, conferences and several Division I governance groups were solicited to submit comments regarding protocol. In December, the working group to develop protocol approved this football study summary and under the date of January 2, 2001, the chair of the Board notified eight chief executive officers of their appointments to the Oversight Committee (Attachment A).

**Mission**

To conduct a coordinated analysis of college football that with oversight by the NCAA Board of Directors would provide the Association with the opportunity to determine the current state of the sport; its intrinsic relationships within the NCAA; and, if necessary, appropriate changes based on sound data that provide for the long-term viability of football on all levels.

**Proposed Timetable**

Attached is a proposed timetable with the hope that the governance structure can complete consideration of any proposed legislative changes, including final action by the Board, by October 2002 and that such legislation can be effective by August 1, 2003 (Attachment B).

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#### Proposed Areas of Study

Following are some of the areas of study that have been identified:

- Study of subdivision designations related to Division I football (i.e., Division I-A and I-AA).
- Student-athlete welfare, including graduation rates.
- Study of Division I-A criteria.
- Clarifying the definition of a Division I-A conference.
- Impact of such decisions on NCAA governance.
- The NCAA's current postseason structure in Division I-AA.
- Pressures affecting football budgets and expenses, including costs related to purchase of tickets for postseason contests.
- The Association's role in certifying bowl games.
- The two-year moratorium on the number of postseason football games.
- A general concern about the long-term viability of intercollegiate football programs at all levels.
- An interest by Division II institutions to establish regional football alliances with Division I institutions for scheduling purposes.
- Diversity of football coaching staffs.

#### Area that will not be Studied

- NCAA I-A playoff system.

#### Rationale for Issues to be Studied

##### **Division I Classification Structure/Division I Governance Structure.**

**Issue:** Some Division I-AA members have expressed concern with the image of Division I-AA and the perception that they are not considered Division I football programs, which has negatively impacted revenue and television potential. In addition, some conferences have indicated an interest in exploring other postseason opportunities than the Division I-AA Football Championship. Division I-A institutions have expressed concern with the number of Division I-AA institutions that have reclassified to Division I-A in recent years. For example, since 1989 a total of 12 Division I-AA institutions have reclassified to Division I-A. Current Division I-A members are concerned that all members should share a common commitment to football and that an imbalance in the governance structure may occur. Division I football is currently comprised of 114 Division I-A and 122 Division I-AA member institutions.

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**Action:** The Management Council membership and governance subcommittees shall review issues and develop proposed legislation to address the governance concern. Following are actions that may be considered:

- Develop clear Division I-A criteria or consider the elimination of subdivision classifications.
- Establish definition of a Division I or I-A conference and the process to consider representation in governance structure.

#### **Football Bowl Certification and Postseason Football in Division I-AA.**

**Issue:** Recent action taken by the Division I Championships/Competition Cabinet to establish a moratorium on the number of postseason bowls raises the issue of the NCAA's role in certifying football bowl games. Further, if a decision is made to delete subdivision designations in Division I, consideration should be given to postseason opportunities for those previously included in Division I-AA.

**Action:** The Division I Football Issues Committee and the postseason football certification subcommittee will review the following:

- Moratorium on the number of certified football bowl games.
- NCAA role in football bowl game certification.
- Division I-AA championship.

#### **Financial Pressures.**

**Issue:** Increasing financial pressures have affected all football programs. Member institutions have committed additional resources to meet an increasing "arms race" to maintain competitive equity. For example, more than 100 Division I institutions operate at a deficit in football ranging from \$630,000 to over \$1,000,000. In addition, several institutions have undertaken significant indebtedness for capital improvements. A widening gap between the "haves" and "have nots" is occurring.

**Action:** The Division I Football Issues Committee will study pressures affecting football budgets and the increasing economic pressures related to ticket sales, sponsorship, television-rights fees and postseason football. Following are possible topics to be reviewed:

- "Arms Race," including rising costs and expenditures.
- Lower level Division I-A and Division I-AA attendance problems.
- Increasing separation of "haves" and "have nots."
- Deficit spending associated with bowl game participation.



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#### **Research.**

**Issue:** There is a need to compile the available research and data pertaining to college football so that appropriate action can be taken. The information that currently exists is not centralized.

**Action:** The Division I Football Issues Committee shall review the following topics:

- NCAA member institutions, public and media opinions regarding the status of college football be collected.
- Development of a data bank for college football.
- Survey of the student-athlete experience should be conducted.

#### **Student-Athlete Welfare.**

**Issue:** Consistent with the Association's emphasis on student-athlete welfare, football student-athletes and faculty athletic representatives among others would be provided the opportunity to express their opinions regarding the current impact of college football on football student-athletes and the study would address the following areas:

- College football student athletes' "quality of life."
- Medical safety and football injuries.
- Graduation rates.
- Length of season.
- Student-athlete behavior/sportsmanship.

**Action:** The Division I Football Issues Committee would solicit opinions through surveys or in-person meetings with student-athletes. In addition, the NCAA Student Athlete Advisory Committee, the Faculty Athletic Representatives Association, the NCAA Committee on Competitive Safeguards and Medical Aspects of Sports and the American Football Coaches Association would be consulted regarding student-athlete welfare issues.

#### **Marketing/Promotion.**

**Issue:** The establishment of NCAA Football has made a positive impact on the promotion and marketing of college football. However, the current status of NCAA Football and other issues should be reviewed.

**Action:** The Division I Football Issues Committee, in cooperation with the NCAA Football Board and the marketing/licensing, promotion staff in the NCAA national office, would address the following issues:

- NCAA Football status.

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- HCI involvement/new CBS "bundling" concept and use of NCAA mark.
- NCAA Football Issues Web site?
- Education program regarding NCAA involvement in football, officials, enforcement process, services provided by NCAA, etc.

**Diversity.**

**Issue:** The lack of minority head coaches involved with NCAA college football.

**Action:** The Division I Football Issues Committee in cooperation with the NCAA Minority Opportunity and Interests Committee would develop a program to encourage the hiring of minority head coaches.

**Division II Football Alliances.**

**Issue:** Several Division II member institutions have considered regional alliances with Division I-AA institutions for scheduling purposes.

**Action:** Representatives from the NCAA Division I Football Issues and I-AA Football Committees as well as the Division II Membership Project Team should review the proposed alliances and the impact such alliances would have on the NCAA governance structure and Divisions I-AA and II football.

**Long-Term Viability of College Football.**

**Issue:** Increasing expenses, governance issues, the impact of Title IX and the role of chief executive officers are fundamental issues impacted by college football. If football programs are eliminated or financial aid is reduced, a significant number of student-athletes, especially minorities, could be denied competitive opportunities and the athletics experience. Currently, a long-range plan does not exist to address the future of football, and a coordinated effort should be developed to address these and other issues confronting the sport.

**Action:** The results of the comprehensive study will provide data and direction for the NCAA Division I Board of Directors and other NCAA governance groups to develop a long-range plan to address the various issues confronting college football in order to ensure its long-term viability.

The National Collegiate Athletic Association  
January 8, 2001 SDB/DLP:eed/vlm

**SUPPLEMENT NO. 2**  
**FB Study 2/01**

### **DIVISION I CLASSIFICATION/GOVERNANCE STRUCTURE**

**Issue:** The current criteria for the subdivision classifications for Division I may no longer be appropriate or may need strengthening, as they no longer represent the diversity that exists within the division and each subdivision and have fostered an artificial "class system" that may create an image problem for some institutions and conferences.

**Background:** The Division I-A and I-AA subdivisions were created during the 1978 NCAA Annual Convention in an attempt to provide common legislative forums for institutions with similar programs, financial resources and objectives. Currently, the subdivisional classification of Division I conferences is used to determine the appropriate representation and voting structure for the Board of Directors, Management Council, cabinets and other committees.

**Diversity of Division I football institutions:** The average regular-season attendance for Division I-A is 43,000 fans, compared to approximately 9,000 for Division I-AA. There are 34 institutions in Division I-A that are below 25,000 average attendance. Approximately 64 percent of Division I-A institutions have revenues exceeding expenses at an average of \$6.4 million per year and 36 percent operate at an average deficit of \$1 million. In Division I-AA, only 13 percent of the member generate sufficient revenues to exceed expenses, at an average profit of \$290,000, and 81 percent operate at an average loss of \$630,000. In addition, as a result of the reorganization of the Association in the early nineties, some institutions that conducted their football programs on a non-scholarship basis, were added to the Division I-AA membership.

**Suggested areas of study:** The Management Council membership and governance subcommittees should continue to review issues and develop proposed legislation to address the following areas, within the parameters established by the Football Study Oversight Committee:

- a. **Institutional subdivision standards:** The current legislated criteria for determining an institution's subdivision classification is based on football attendance. Differences in rules between Division I-A and I-AA primarily involve the number of permissible coaches and scholarships and scheduling requirements. Division I football is currently comprised of 114 Division I-A and 122 Division I-AA member institutions, with 12 Division I-AA institutions reclassifying to Division I-A since 1989.

There is a concern that some of the current Division I-A institutions, including a number of the Division I-AA institutions that have reclassified to Division I-A in recent years, may not share the same level of commitment to intercollegiate athletics as the majority of other Division I-A members and may, in fact, have more in common with Division I-AA members. The criteria for Division I-A or I-AA classification may no longer reflect the commonalities that exist between the institutions that share a similar commitment to football and Division I athletics competition.

An analysis of institutional standards should include a determination of whether these standards should be made more stringent and meaningful or whether they should be

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 DI FB Study 2/01  
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eliminated to allow competition among institutions with similar philosophies, including some Division II football programs.

- b. Conference subdivision standards:** Current NCAA legislation does not establish criteria for determining when a Division I conference should be classified as a Division I-A, I-AA or I-AAA conference. This is illustrated in a current situation involving the reorganization of the Sun Belt Conference. The conference reorganized its membership and added several Division I-A institutions as associate members in football and is interested in being classified as a Division I-A conference. To date, the Sun Belt Conference remains classified as a Division I-AAA conference.

The study of conference standards should evaluate whether subdivision classification of conferences should be eliminated. If the classifications are retained, criteria should be developed, including determination of the minimum number of institutions from a particular subdivision required for a conference to be classified as a member of that subdivision; of the minimum percentage of the total membership of the conference that must be from the designated subdivision; and whether associate members, particularly for football, have an impact on the subdivisional classification of a conference or whether only full conference members can be counted.

- c. Governance representation:** NCAA legislation currently does not specify the criteria for a new or existing Division I conference to be represented in the Division I governance structure. Instead, conferences are listed by name and slotted in the appropriate sections of the bylaws. In the absence of any specific criteria, if a new conference were to form, it might be difficult to determine whether it should be represented in the governance structure and under what criteria the conference should be evaluated.

The review in this area should consider whether it is necessary to establish definitions for a Division I and for a Division I-A, I-AA or I-AAA conference (this is tied to the review of conference standards, above), and should evaluate whether the designations should be eliminated and should determine the appropriate process for allocating representation in the governance structure.

- d. The image of Division I-AA:** Some Division I-AA members have expressed concern with the image of Division I-AA, the perception that they are not considered Division I football programs and the negative impact on revenue and television potential. In addition, some Division I-AA conferences have indicated an interest in exploring postseason opportunities other than the Division I-AA Football Championship. These institutions are concerned that the current subdivision classifications and the structure of the Division I-AA football championship lead to a second-class status for Division I-AA institutions and do not reflect the diversity that exists within Division I-AA. Scholarships offered by Division I-AA institutions vary greatly -- from the maximum allowed under NCAA Bylaws to none. These

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DI FB Study 2/01  
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institutions have suggested that it may no longer be appropriate to have subdivisional classifications and that it may be time to consider a freer approach to scheduling.

**Action.** The Management Council membership and governance subcommittees shall review the issues and develop proposed legislation to address the governance situation. Following are the actions that may be considered:

- Develop clear Division I-A criteria or consider the elimination of subdivisions classifications.
- Establish a definition of a Division I-A conference and the process to consider representation in the governance structure.

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January 30, 2001 RJG:pem

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**SUPPLEMENT NO. 3**  
**FB Study 2/01**

**FOOTBALL ALLIANCE CONCEPT**

**Issue:** The current makeup of Division I-AA and Division II football playing schools includes a broad range of institutional commitments to the sport. This broad diversity, including the range in the number of football grants awarded by institutions in each division, has created tremendous challenges for both divisions.

One suggestion to address Divisions I and II football issues is to discontinue the requirement that the sport of football determines an institution's NCAA divisional or subdivisional membership classification. The following paragraphs summarize Divisions I and II football issues and detail a football alliance concept that could be implemented to address some of these concerns.

**Division II Football Issues:** Many Division II institutions that sponsor football do not offer the maximum number of grants-in-aid in the sport (i.e., 36 football equivalencies). Some institutions only offer 30, 20 or 10 equivalency grants in football. Other Division II institutions have decided to conduct football as a nonscholarship sport. Many of the institutions that are now in the process of joining NCAA Division II have football programs that offer limited grants in football. At some point in the future, there is likely to be a formal effort to propose legislation that would reduce the permissible number of equivalencies in Division II football or that would establish Division II football subdivisions.

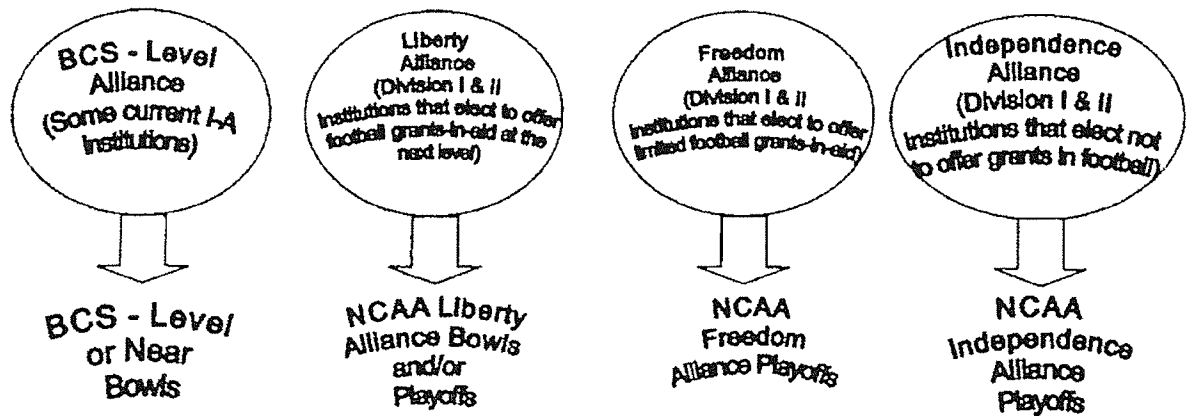
**Division I-AA Football Issues:** Division I-AA institutions also represent a very broad range in terms of their football program scholarship levels. Several I-AA institutions look at Division I-AA as the ultimate destination. Other Division I-AA institutions are content at playing football at a lower scholarship level. Most institutions at the Division I-AA level are interested in enhancing the promotion of their postseason football championship playoffs. Many Division I-AA institutions believe that, although the I-AA designation is intended to refer only to an institution's football program, the designation often becomes a moniker that is used to describe the institution's other sports (e.g., in recruiting and promotion).

**Football Alliance Concept for NCAA Divisions I and II.** One alternative for the structure of college football in Divisions I and II to help to address some of these membership issues is the "football alliance concept." Under this concept, the requirement that an institution's NCAA divisional or subdivisional membership is based on its football program would be reversed. Under a football alliance concept, each NCAA Divisions I and II institution that sponsors football would compete with other Divisions I or II football programs that exhibit similar philosophies, commitments and characteristics without regard to the NCAA divisional membership of the institution in other sports.

The football alliance structure would include four or more tiers of NCAA football from which Divisions I and II institutions would select an appropriate level. An institution would select its football alliance without regard to the institution's primary NCAA divisional classification. As a result, it would be necessary for each Division I or Division II institution that sponsors football to meet the specific football-related requirements of the applicable football alliance (see diagram below).

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Football Alliance Concept  
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**Alliance Concept for NCAA Divisions I and II Football Playing Schools:**



**Benefits of the Football Alliance Concept.**

- Establishes more equity and postseason opportunities for all Division I and II institutions that sponsor football.
- Allows institutions to align the sport of football with other institutions that have similar football programs while avoiding the perception of "stepping down" or "stepping up" in NCAA divisional membership classification for other sports.
- Creates clearer gaps between football grant-in-aid levels.
- Creates increased marketing and television opportunities for all football alliance championships.
- Maintains desired Division I and Division II conference affiliations in other sports.
- Does not affect the current structure and requirements of NCAA Division III membership.

**Action:** Representatives from the NCAA Division I Football Issues and I-AA Football Committee as well as the Division II Membership Project Team should review the proposed alliances and the impact such alliances would have on the NCAA governance structure and Divisions I-AA and II football.

The National Collegiate Athletic Association  
January 30, 2001

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**SUPPLEMENT NO. 4**  
**FB Study 2/01**

**FOOTBALL BOWL CERTIFICATION PROCESS/  
DIVISION I POSTSEASON FOOTBALL**

**Issue:** During its September 2000 meeting, the Division I Championships/Competition Cabinet approved a recommendation from the NCAA football certification subcommittee of the Division I Championships/Competition Cabinet to establish a two-year moratorium on the certification of new postseason bowls. In addition, the subcommittee established a maximum number of 26 for postseason bowls through 2002. During this two-year period the football certification subcommittee will review the Association's role in the certification of postseason games and whether minimum standards should be developed in an attempt to limit the number of postseason games.

**Number of Postseason Bowls.** After the 1996 college football season, there were 18 postseason bowl games. This past season, a total of 25 games were conducted, which was almost a 40 percent increase in the number of bowl games in four years. The NCAA football certification subcommittee will review three new postseason bowl applications for the 2001-02 bowl season and will select one of the three.

**Concerns Regarding the Number of Bowls.** Some in intercollegiate athletics have raised concerns regarding the number of bowl games and the fact that the recent proliferation of new bowls has diminished the quality of postseason contests. Some bowls have experienced attendance problems, as well as decreased television ratings. Another concern is the deficits that some teams incur as a result of participation in a postseason bowl. During the 1999-2000 bowl season, 18 of the 38 teams that provided financial data indicated that expenses exceeded revenues.

**Supporters of the Number of Bowls.** It should be noted that some believe that the current number of bowl games is appropriate and provides postseason opportunities for more student-athletes and their fans. Further, the NCAA football certification subcommittee, the sanctioning group for postseason bowls, continues to receive applications from groups interested in conducting postseason bowls.

**Legal Counsel Opinion.** Redacted



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Football Bowl Certification Process/  
Division I-AA Postseason Football  
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**Participation Rate.** During the 2000-01 bowl season, 50 of the 114 Division I-A teams played in a postseason bowl, which means that almost half of the teams participated in postseason competition. Compared to Division I men's basketball, where approximately one out of every three teams compete in the Division I men's basketball championship, the participation ratio is much higher for Division I-A football.

**Reclassification Impact.** Postseason football would be affected if a decision is made to eliminate the Division I-AA classification and all programs would be considered as Division I football. Postseason opportunities for the current 122 Division I-AA member institutions must be determined, as well as the current lower-tier Division I-A teams. Some prefer retaining the current NCAA championship playoff structure for these institutions, while others have suggested an "open-market" system and the creation of postseason bowl game opportunities to accommodate these teams.

**Action:** The Division I Football Issues Committee and the Football Certification Subcommittee will review the following:

- NCAA role in football bowl game certification.
- Determine the impact of the proliferation of bowl games on the sport of college football.
- Possible limitations on the number of certified football bowl games.
- Division I-AA postseason opportunities.

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**SUPPLEMENT NO. 5**  
**FB Study 2/01**

**FINANCIAL PRESSURES**

**Issue:** Increasing financial pressures have affected all college football programs. NCAA member institutions have committed additional resources to meet an increasing "arms race" to maintain competitive equity, which for some institutions involves the assumption of significant indebtedness for capital improvements.

**Report:** The financial data referenced above were obtained from the 1999 NCAA Revenues and Expenses of Divisions I and II Intercollegiate Athletics Programs. All coeducational institutions of higher education that participate in any federal student financial aid programs and have intercollegiate athletics programs are required by the Equity in Athletics Disclosure Act (EADA) to provide specific information on these programs. The primary objective of the Revenues and Expenses report is to present data concerning sources of revenue (ticket sales, television, etc.) and objects of expenditures (grants-in-aid, coaches' salaries, etc.). Revenue and expense data are categorized by men's and women's programs and by the major sports of football and basketball. For the 1999 Revenue and Expenses study, Division I institutions had a response rate of 87 percent, which provides a significant sampling of Division I membership. Copies of this report can be obtained from the NCAA Research department which also maintains a database of the EADA information.

If the NCAA Football Study Oversight Committee would need additional data outside the Revenues and Expenses report, the research staff is able to provide data more specific to football revenues and expenses as well as conference information. The staff can also provide the same data analyzed in different ways (e.g., ranges instead of averages).

**Findings – Division I-A:** According to the 1999 NCAA Revenues and Expenses study, the number of Division I-A institutions reporting overall revenues exceeding overall expenses increased since 1997 from 43 to 48. Of those 48 institutions, the profits more than doubled since 1997 from \$1.7 million to \$3.8 million (excluding institutional support).

**Division I Football Programs:**

- Division I-A schools reporting net profits in the sport of football decreased from 70 to 67 over the two-year period. However, while the number of schools making a profit decreased, the average profit for schools making money went from \$5 million to \$6.4 million. (See Chart 1).
- There were 37 (or 36 percent) Division I-A institutions reporting football losses (out of 104 schools reporting), with an average deficit of \$1.0 million. (See Chart 1).
- There were 77 (or 81 percent) Division I-AA institutions reporting football losses (out of 95 schools reporting), with an average deficit of \$630,000. (See Chart 2).
- The average expenses for Division I-A football programs rose from \$4.4 million to almost \$5.3 million in this two-year period (a 20 percent increase). (See Chart 3).
- The average revenues for Division I-A football programs rose from \$7.6 million to just over \$9 million in this two-year period (an 18 percent increase). (See Chart 3).

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 Financial Pressures  
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- The largest football expense items for schools appear to be salaries and grants-in-aid. (See Chart 4).

The average deficit for schools with shortfalls remained relatively stable. Couple that with the increase in profits for the profitable schools and the difference between the "haves" and "have-nots" seems to be increasing (See Chart 1).

According to NCAA Revenues and Expenses consultant Dan Fulks, Ph.D., CPA, since the Division I-A football expenses average \$5.3 million, while I-AA football expenses average \$1.1 million (only 20 percent of I-A expenses), schools outside of I-A have relatively small expenses. Thus, losses are not significant in I-AA when half of the 77 schools losing money on football lost less than \$540,000. This leads him to believe that the "arms race" is being waged by only the top half of Division I-A institutions where football expenses are the highest. Dan also states that of the Division I-A schools showing football losses, 40 percent report losses of less than \$700,000 which represents a small portion of the institution's total budget.

**Findings – Division I Conferences:** Looking further into specific data on football programs from the 1999 NCAA study:

- The average football revenues for Division I-A institutions comprising the six major (or "equity") conferences were more than \$14 million, whereas the average football revenues for institutions in the remaining conferences were approximately \$2.6 million. (See Chart 5).
- The average football expenses for the six major conferences were approximately \$7.3 million compared to approximately \$3.1 million for the remaining conferences. (See chart 5).
- For the six major conferences, the largest football revenue source is ticket sales to the public, which was more than \$6 million on average. While it was also the largest source of football revenue for the non-major conferences, the total was just under \$1 million on average. (See chart 6 for largest revenue sources).
- The largest football expense for each group was grants-in-aid, with \$1.4 million for the major conferences and \$1 million for the remaining conferences. (See chart 7 for largest expenses).

It appears that the difference in football expenses comes not in direct support of the athletes, but in other parts of the football program. For instance, there is a significant difference in football coaches' salaries with the six major conferences spending \$1.1 million on average while the remaining conferences spend \$645,000 on average.

**Action:** The Division I Football Issues Committee will study pressures affecting football budgets and the increasing economic pressures of postseason football. The following are possible topics to be reviewed:

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- Determine if financial data from the 1999 NCAA Revenues and Expenses report are ample and, if not, consult further with the NCAA research staff for ways to analyze the data more specific to football concerns as directed by the committee.
- Review the recent trends of rising costs and expenditures.
- Review Division I-A and Division I-AA attendance problems.
- Evaluate the increasing separation of "haves" and "have nots."
- Deficit spending associated with bowl game participation.

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January 30, 2001 TP:as

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## SUPPLEMENT NO. 6

FB Study 2/01

## RESEARCH

**Issue:** Already available research and data pertaining to college football should be compiled so that information can be obtained to address various issues. In addition to reviewing available data, there may be a need to survey selected groups to obtain more current information.

**Available Research.** In addition to the NCAA Revenues and Expenses and Gender Equity studies, notable research efforts in recent years were conducted by the College Football Association, ESPN/Chilton Sports Poll and the Division I-A Athletic Directors Association.

- **NCAA Revenues and Expenses/Gender Equity Studies.** For many years, the NCAA has been collecting data on the financial condition of intercollegiate athletics. In 1994, Congress passed the Equity in Athletics Disclosure Act (EADA), requiring all coeducational institutions of higher education that participate in any federal student financial aid program and have intercollegiate athletics programs to provide specific data on these programs every year. Since the federal study was enacted, the NCAA has required all member institutions to submit that form (and background worksheets) to the national office. From data available in that form, the NCAA research staff prepares the Revenues and Expenses, and Gender Equity Studies in alternating years. The committee should become familiar with the collection form and the two studies that are produced from those data to determine if other analyses should be conducted or if supplemental information should be collected. It should be understood that financial data are difficult to collect in a uniform manner because of institutional differences in reporting. The EADA form is the best effort to date to standardize the collection of data about the finances of intercollegiate athletics programs. The EADA data from the past four years are still available at the national office, and can be analyzed and presented in different ways if that would be useful to this committee.
- **College Football Association Study.** The CFA commissioned the Gallup Organization to conduct a public opinion study during the fall of 1996 in an effort to learn more about the public's opinion of college football. A similar study had been conducted in 1989. Some of the findings of the study were (1) the popularity of college football was the same in 1996 as it was in 1989 in that 41 percent of Americans considered themselves to be college football fans, (2) 66 percent who categorize themselves as college football fans were male, (3) professional football remained more popular than college football by a margin of 44 percent to 20 percent and (4) the public continued to believe the primary reasons individuals played football were to seek a professional football career (38 percent), obtain financial aid for college (21 percent) or for the love of the game (20 percent).
- **ESPN/Chilton Survey.** The 1997 ESPN/Chilton Poll measured the popularity of various sports, which included attendance, television and radio rankings and participation rates. The survey indicated that college football ranked fourth, behind the NFL, Major League Baseball

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Research

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and the NBA, as the favorite sport among fans during the 1994-97 time period. In addition, the survey indicated the level of sponsor/advertiser interest in college football and basketball, and noted that NIKE was the leading advertiser in both sports. This survey is ongoing and may be one that we have access to for a few questions related to college football issues.

- **Division I-A Athletics Directors Salary Survey.** This 1997-98 survey provided ranges of salaries for athletics department personnel. The information was compiled by the Division I-A Athletics Directors Association to provide salary comparison information for its members. For example, it noted that the base salary for a head football coach ranged from \$82,163 to \$501,000.

**Action:** The Division I Football Issues Committee shall review the following topics:

- Determine how the opinions of NCAA member institutions, student-athletes, public and media regarding the status of college football can be obtained, which might involve the review of available data and/or new research efforts.
- Develop and maintain a data bank on college football to serve as a resource for groups making decisions that would impact on the sport.

The National Collegiate Athletic Association  
January 29, 2001 TP/DLP:eed

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NCAA 029180

Attachment No. 1

### Rights Fee Contract Executive Summary of CBS Agreement

- The goals the NCAA's television committee used to negotiate this agreement, in addition to appropriate compensation for the value of the championships and other rights, were:
  - Generate increased revenue to help support institutional athletics programs.
  - Provide additional exposure and enhance all NCAA sports and championship events.
  - Provide more benefits to student-athletes.
  - Improve the role that intercollegiate athletics plays in higher education and enhance the value of higher education overall.
  - Project a consistent public image for the NCAA.
  - Develop a partnership and contract with an outstanding national corporate citizen with the common goal of promoting college athletics.
  - Maintain a balance between education and commercialism.
- Includes the following NCAA rights: television, Internet, radio, marketing including corporate partner program, publishing, licensing, championship fan festivals and merchandising.
- The NCAA will begin negotiations soon with ESPN regarding the rights to the Division I Women's Basketball Championship and 18 other championships.
- Eleven year contract with an exclusive option by the NCAA to renegotiate after eight years.
- Minimum financial guarantee of six billion dollars over the term of the contract. The first year of the contract (2002-03) is for \$360 million and will escalate at approximately 8 percent per year through the final year of the contract (2012-13).

<u>Year</u>	<u>Amount</u>
2003	360,000,000
2004	389,000,000
2005	420,000,000
2006	453,000,000
2007	490,000,000
2008	529,000,000
2009	571,000,000
2010	617,000,000
2011	657,000,000
2012	710,000,000
2013	764,000,000

- Financial incentives for the NCAA to be shared 50 percent/50 percent of the gross revenues in excess of 110 percent of the annual rights fee payment.

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- Final approval of the use of all rights.
- Ownership of all copyrights.
- Exposure of over 50 championships currently available at similar or greater level than they now receives.
- Aggressive year-round Internet marketing and branding effort directly linked to other CBS assets, promotions and programming. Internet plan will include interactive platforms for fan involvement.
- No warehouse rule – if CBS does not exercise its rights, the rights revert to the NCAA.
- Approval of all subcontractors.
- CBS has pledged to run a minimum of one NCAA PSA every weekend in CBS' highest-profile programming, including NFL, PGA Tour, PGA Championship, college football and U.S. Open Tennis. In addition, CBS will provide the NCAA with a PSA every day that CBS covers college basketball.
- CBS will provide tune-in promos during prime time (25 times), The Early Show (14 times), late-night (20 times), daytime (10 times), Sunday morning (three times) as well as 30 additional times.
- CBS will provide a customized promotional plan for its owned-and-operated television stations, as well as for the rest of its affiliates. CBS will air a fully integrated promotional plan on its owned-and-operated radio stations and will commit to a minimum \$1 million campaign of outdoor advertising.
- NCAA Division I Men's Basketball Championship – no start times later than 9:37 p.m. local time.
- If rights become available, plans to cover all 63 games with network coverage of the semifinals and finals of the NCAA Division I Women's Basketball Championship.

The National Collegiate Athletic Association  
January 16, 2001 CDC/JI:yeg

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NCAA 029182



SUPPLEMENT NO. 7  
FB Study 2/01

**STUDENT-ATHLETE WELFARE**

**Issues:** Consistent with the Association's emphasis on student-athlete welfare, football student-athletes and faculty athletics representatives, among others, should be provided the opportunity to express their opinions regarding the current state of college football. The study should address the following areas:

**College Football "Quality of Life."** Possible areas of study regarding the "quality of life" area would be the following:

- **Transfer Regulations.** The NCAA Division I Student-Athlete Advisory Committee (SAAC) has expressed concern about NCAA legislation that prohibits student-athletes from using the one-time transfer exception in the sport of football (e.g., it is not permissible for a football student-athlete transferring to a Division I-A institution to use the legislated exception). Coaches are free to change institutions at will while football student-athletes are not able to transfer even once without penalty. The SAAC would like to see the NCAA one-time transfer exception, regardless of what division the student-athlete is transferring from or to, extended to include all sports. There are occasions in which a young person makes a poor decision when deciding which institution to attend. His family situation may change after recruitment (e.g., sickness), making being a long distance from home more burdensome. The financial ramifications of being at a particular institution may not have been fully anticipated. A young person may be unable to cope well in the environment he chose. The SAAC has pointed out that these are legitimate reasons for a football student to desire to transfer, and the concern of creating a "free market agency system" should not cause students to have to sit out an entire year.
- **Time Commitments.** Time demands placed on student-athletes in the sport of football are continuous. Preseason two-a-days are followed by practice and games in the fall, which are followed by spring practice and "voluntary" workouts throughout the summer. The SAAC has worked arduously over the past year to strengthen the NCAA legislative definition of "voluntary" in an effort to curb the out-of-season practice abuses. It is anticipated that in April the NCAA Division I Management Council will take action on this initiative. However, this alone will not change the time demands on student-athletes in a significant way. Football student-athletes have continued to say that they need time "to just be college students." The culture of big time intercollegiate athletics and all the pressures surrounding sport often make college more like a job for students. Having some portion of the academic year in which students can blend into campus life as normal students would enhance student-athletes' collegiate experience.
- **Greater Commitment to Progress towards Degree.** For a small percentage of football